

# United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	John F. Grady	Sitting Judge if Other than Assigned Judge	
CASE NUMBER	02 C 346	DATE	August 21, 2002
CASE TITLE	Fox Controls, Inc. v. Honeywell, Inc., et al.		

[In the following box (a) indicate the party filing the motion, e.g., plaintiff, defendant, 3rd party plaintiff, and (b) state briefly the nature of the motion being presented.]

## MOTION:

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## DOCKET ENTRY:

(1)	<input type="checkbox"/>	Filed motion of [ use listing in "Motion" box above.]
(2)	<input type="checkbox"/>	Brief in support of motion due _____.
(3)	<input type="checkbox"/>	Answer brief to motion due _____. Reply to answer brief due _____.
(4)	<input type="checkbox"/>	Ruling/Hearing on _____ set for _____ at _____.
(5)	<input type="checkbox"/>	Status hearing[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
(6)	<input type="checkbox"/>	Pretrial conference[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
(7)	<input type="checkbox"/>	Trial[set for/re-set for] on _____ at _____.
(8)	<input type="checkbox"/>	[Bench/Jury trial] [Hearing] held/continued to _____ at _____.
(9)	<input type="checkbox"/>	This case is dismissed [with/without] prejudice and without costs[by/agreement/pursuant to] <input type="checkbox"/> FRCP4(m) <input type="checkbox"/> General Rule 21 <input type="checkbox"/> FRCP41(a)(1) <input type="checkbox"/> FRCP41(a)(2).
(10)	<input checked="" type="checkbox"/>	[Other docket entry]   Honeywell's motion to dismiss Counts VIII-XII of the First Amended Complaint is granted, and those counts are dismissed with prejudice.
(11)		[For further detail see order (on reverse side of/attached to) the original minute order.]

<input type="checkbox"/>	No notices required, advised in open court.	<div style="text-align: center;"> U.S. DISTRICT COURT  CLERK  02 AUG 21 PM 3:56  FILED-ED 10 </div>	number of notices	<div style="text-align: center;"> AUG 22 2002  date docketed    date mailed notice    KAM  mailing deputy initials </div>	Document Number
<input type="checkbox"/>	No notices required.				
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August 21, 2002

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

FOX CONTROLS, INC., an Illinois corporation,

Plaintiff,

V.

No. 02 C 346

HONEYWELL INC., a Delaware corporation, and the VARIOUS JOHN DOES,

Defendants.

**DOCKETED**  
AUG 22 2002

## MEMORANDUM OPINION

Before the court is defendant Honeywell Inc.'s motion to dismiss Counts VIII-XII of the First Amended Complaint. For the reasons explained below, the motion is granted.

## BACKGROUND

Plaintiff, Fox Controls, Inc. ("Fox Controls"), brought this action against Honeywell Inc. ("Honeywell") and various John Does, claiming that defendants misappropriated confidential and proprietary information created by Fox Controls for safety training purposes. Honeywell manufactures machine safety products, and Fox Controls distributes and installs Honeywell's products.

The First Amended Complaint alleges twelve claims: breach of written contract (Count I); breach of oral contract (Counts II and III); violation of the Illinois Trade Secrets Act (Count IV);

violation of the Illinois Consumer Fraud and Deceptive Trade Practices Act, 815 ILCS 505/2 (Count V); violation of the Lanham Act, 15 U.S.C. § 1125 (Count VI); copyright infringement (Count VII); conversion (Count VIII); intentional interference with prospective economic advantage (Count IX); unjust enrichment (Count X); quantum meruit (Count XI); and breach of fiduciary duty (Count XII).

Honeywell now moves to dismiss Counts VII-XII of the First Amended Complaint on the ground that they are preempted by the Illinois Trade Secrets Act.<sup>1</sup>

#### **DISCUSSION**

The purpose of a 12(b)(6) motion to dismiss is to test the sufficiency of the complaint, not to resolve the case on the merits. 5A Charles Alan Wright & Arthur R. Miller, Federal Practice and Procedure § 1356, at 294 (2d ed. 1990). When evaluating such a motion, the court must accept as true all factual allegations in the complaint and draw all reasonable inferences in the plaintiff's favor. Hentosh v. Herman M. Finch Univ. of Health Sciences, 167 F.3d 1170, 1173 (7th Cir. 1999); Jang v. A.M. Miller & Assocs., 122 F.3d 480, 483 (7th Cir. 1997). Dismissal is appropriate only if "it is clear that no relief could be granted

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<sup>1/</sup> Honeywell has withdrawn its motion to dismiss insofar as it pertains to Count VII, a copyright infringement claim. (Defendant's Reply at 1) ("Honeywell's Motion to Dismiss based on lack of subject matter jurisdiction over Fox Controls' copyright count is nullified by the filing of Fox Controls' amended complaint.").

under any set of facts that could be proved consistent with the allegations.'" Ledford v. Sullivan, 105 F.3d 354, 356 (7th Cir. 1997) (quoting Hishon v. King & Spalding, 467 U.S. 69, 73 (1984)); Jones v. General Elec. Co., 87 F.3d 209, 211 (7th Cir.), cert. denied, 519 U.S. 1008 (1996).

Section 8 of the Illinois Trade Secrets Act (the "ITSA"), 765 ILCS 1065/1 et seq., provides in relevant part:

(a) Except as provided in subsection (b), this Act is intended to displace conflicting tort, restitutionary, unfair competition, and other laws of this State providing civil remedies for misappropriation of a trade secret.

(b) This Act does not affect:

- (1) contractual remedies, whether or not based upon misappropriation of a trade secret, . . . ;
- (2) other civil remedies that are not based upon misappropriation of a trade secret;
- (3) criminal remedies, whether or not based upon misappropriation of a trade secret; or
- (4) the definition of a trade secret contained in any other Act of this State.

765 ILCS 1065/8. By its plain terms, the ITSA preempts common-law claims that are based on misappropriation of trade secrets. Therefore, we must review Counts VIII-XII of the First Amended Complaint to determine whether they are based on the misappropriation of trade secrets or on something more. See Thomas & Betts Corp. v. Panduit Corp., 108 F.Supp.2d 968, 971-72 (N.D. Ill. 2000).

Count VIII alleges that Honeywell has "intentionally failed to return" and "unlawfully converted for its own use and sold to others" Fox Controls' confidential and proprietary information.

(First Amended Complaint, ¶¶ 79-80.) Count IX alleges that Honeywell interfered with Fox Controls' prospective economic advantage by using, and providing unauthorized third parties with, the information. (Id., ¶¶ 84-85.) Count X alleges that Honeywell unfairly reaped the benefits of its retention and misuse of the information. (Id., ¶¶ 89-91.) Count XI alleges that Fox Controls is entitled to fair compensation for Honeywell's misuse of the information. (Id., ¶ 94.) Count XII alleges that Honeywell breached its fiduciary duties to Fox Controls by misusing the information. (Id., ¶¶ 97-98.)

All of these factual allegations amount to a claim that Honeywell misused Fox Controls' confidential and proprietary information. The contentions are simply restatements of plaintiff's claim for misappropriation of trade secrets, and are thus preempted by the ITSA. Our colleagues in this district have held in numerous instances that the ITSA preempts all of these types of claims where, as here, they are based on a misappropriation of trade secrets. See Automed Techs., Inc. v. Eller, 160 F.Supp.2d 915, 921-22 (N.D. Ill. 2001) (conversion claim preempted); Thomas & Betts, 108 F.Supp.2d at 972-74 (conversion, tortious interference with business relations, and breach of fiduciary duty claims preempted); Learning Curve Toys, L.P. v. Playwood Toys, Inc., No. 94 C 6884, 1999 WL 529572, at \*2-3 (N.D. Ill. July 20, 1999) (unjust enrichment claim preempted); C & F

Packing Co. v. IBP, Inc., No. 93 C 1601, 1998 WL 1147139, at \*9-10 (N.D. Ill. Mar. 16, 1998), adopted in full, 1998 WL 160915 (N.D. Ill. Mar. 31, 1998) (interference with business expectancy claim preempted); Nilssen v. Motorola, Inc., 963 F. Supp. 664, 683-84 (N.D. Ill. 1997) (unjust enrichment and quantum meruit claims preempted); Thermodyne Food Serv. Prods, Inc. v. McDonald's Corp., 940 F. Supp. 1300, 1309 (N.D. Ill. 1996) (breach of fiduciary duty claim preempted); J.D. Chapman Group, Ltd. v. Chapman, No. 95 C 7716, 1996 WL 89075, at \*2-3 (N.D. Ill. Feb. 28, 1996) (breach of fiduciary duty claim preempted); Web Communications Group, Inc. v. Gateway 2000, Inc., 889 F. Supp. 316, 321 (N.D. Ill. 1995) (unjust enrichment claim preempted); Ace Novelty Co. v. Vijuk Equip., Inc., No. 90 C 3116, 1990 WL 129510, at \*3 (N.D. Ill. Aug. 31, 1990) (conversion claim preempted).

Fox Controls contends that Counts VIII-XII are merely pled in the alternative and that these theories of recovery would apply if the information is not ultimately found to be confidential or proprietary. Courts have rejected this argument. As stated in Learning Curve:

PlayWood believes its ideas are protectible as trade secrets under the ITSA; however, if the ideas do not meet the requirements of trade secrets, PlayWood believes it is still entitled to pursue common law causes of action for Counterdefendants' alleged theft of ideas.

The caselaw from the Seventh Circuit, and in this district, belies PlayWood's argument. The purpose of the ITSA was to codify all the various common law remedies for theft of ideas. The ITSA did not establish a parallel statutory regime to complement the common law;

rather, it "abolished common law theories of misuse of such [secret] information . . . . Unless defendants misappropriate[] a statutory trade secret, they d[o] no legal wrong." Thus, plaintiffs who believe their ideas were pilfered may resort only to the ITSA; the alleged theft of ideas cannot support multiple claims under different theories of recovery.

. . .  
In sum, the ITSA does not, as PlayWood contends, simply preempt common law claims for which misappropriation of a trade secret is an element. Rather, the provision eliminated common law claims based on conduct which might support an ITSA action. In other words, if the operative facts are arguably cognizable under the ITSA, any common law claim that might have been available on those facts in the past now no longer exists in Illinois.

1999 WL 529572, at \*2-3 (quoting Composite Marine Propellers, Inc. v. Van Der Woude, 962 F.2d 1263, 1265 (7th Cir. 1992)) (other citations omitted). See also Automed, 160 F.Supp.2d at 921-22; Thomas & Betts, 108 F.Supp.2d at 972-73.

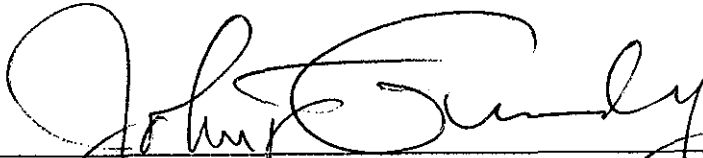
Counts VIII-XII of the First Amended Complaint are based entirely on Honeywell's misuse or misappropriation of confidential information. Accordingly, they are preempted by the ITSA and must be dismissed.

#### **CONCLUSION**

For the foregoing reasons, Honeywell's motion to dismiss Counts VIII-XII of the First Amended Complaint is granted, and those counts are dismissed with prejudice.

DATE: August 21, 2002

ENTER:



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John F. Grady, United States District Judge